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Dealers up in arms over what they see as return to subsidies

Fleet incentives called threat to franchising

By Richard A. Wright and John Russell

The auto makers say there has been no return to "the bad old days" of fleet subsidies, but franchised new-car dealers around the country are getting steamed up over what they view as subsidies which allow fleet buyers to acquire new cars at prices lower than franchised dealers can.

"Dealers are very concerned about fleet subsidies, which are a threat to the franchise system itself," said George W. Lyles, High Point (N. C.) Chevrolet-Rolls-Royce dealer and president of NADA.

W. L. McColloh, Olds-Cadillac-Honda dealer in Ardmore, Okla., said almost 80 percent of the General Motors dealers in his state endorsed a letter directed to Roger B. Smith and F. James McDonald expressing concern over fleet subsidies.

Ed Mullane, president of the Ford Dealers Alliance, said litigation to stop fleet subsidies and incentives is a possibility and said his group has launched a "moral crusade" against the practice.

Lyles said the fleet programs are stirring wide concern among dealers and that at NADA's recent board meeting in San Francisco it was a key topic of discussion.

All makers are now offering what dealers called "subsidies" and what the makers call "incentive programs."

Spokesmen for the manufacturers said the fleet programs are designed to give fleet buyers the same kind of break that retail customers get in the various sales incentive and rebate programs.

But McCulloh said that as a fleet buyer (for his rental and leasing operation), he can buy cars at a better price than he can as a franchised dealer. "That's not right," he said.

The Oklahoma Automobile Dealers Assn.'s GM line group is not happy about retail incentive programs either, McCulloh said. Nor are dealers in general, according to NADA.

McCulloh said the letter sent to top GM management dealt with a number of issues, the most serious of which were price concessions to fleet buyers and "knee-jerk reactions of the past year in an assortment of sweepstakes, rebates, bonuses and interest reductions."

On fleet subsidy programs, the letter said: "It was unanimously agreed no price should be available below dealer's cost. By such practice, a used-car advantage within the rental and leasing industry is created. This practice was abandoned in 1968 after strong objections from the dealer body."

The dealers did not object only to the temporary fleet-buyer incentives, but also to the retail incentive programs, which they said stimulate sales for a short period, but also have a counter-productive effect.

"Many buyers postpone purchases waiting for the 'other shoe to drop,'" the letter said. "Appreciating the need and effort to stimulate sales, elimination of continued anticipation of better things to come may create more stability in sales promotion."

The Oklahoma dealers said

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Surprise at Birmingham

Nissan unveils tiny Micra

Visitors to the International Auto Show in Birmingham, England were surprised to see another new car from Nissan, the fifth in the past year. The car is a sub-subcompact called the Micra. It is 142 inches long on a 90.5-inch wheelbase, weighs only 1,400 pounds and is said to get better than 50 MPG with its one-liter engine. It will go on sale in Europe next spring. Birmingham show story is on Page 3.

breaking news

UAW loses Chevy white-collar vote in Flint

FLINT.—Salaried workers at the Chevrolet Manufacturing Plant here rejected the UAW as their bargaining unit by a vote of 87 to 32. The union has made moves to organize white-collar workers at seven other General Motors plants. Interest in unionization by salaried workers at GM began last spring when workers said they were laid off selectively without regard to seniority. They said they wanted job security and better merit and rating systems.

GM and EPA at odds over 1978-model callback

DETROIT.—The EPA has ordered General Motors to recall and fix some 609,000 of its 1978 vehicles that exceed oxides of nitrogen standards. GM already is recalling 439,000 of that total and disagrees with the EPA on two points. It says cars in the 12 warmer-climate states need not be recalled and it will repair vehicles in the 439,000 group which have

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Domestic model total sliced to 271, but more are coming

By John K. Teahen Jr.
Managing Editor

Here-and-there trimming by four of the domestic auto makers reduced the U. S. model count to 271 as the 1983 season got underway. The total is down from 307 at the end of the '82 model year.

There are more to come, in line with the domestic makers' new-found practice of throughout-the-year introductions. The latecomers will add at least 20 models to the current count.

Each of the Big Three has some offerings in the wings. Ford Motor Co. has yet to introduce its '83 Thunderbird, Cougar, Ford Tempo and Mercury Topaz lines. General Motors is preparing its Corvette and the Chevrolet Cavalier and Pontiac 2000 convertibles.

In Chrysler Corp.'s '83 future book are a couple of stretched LeBaron limo types, the LeBaron Town & Country (woody) convertible and the front-wheel-drive New Yorker.

Another factor: Honda is about to start marketing U. S.-built cars.

And there could be more additions if, as last year, the domestic manufacturers decide that some stripped models are needed to combat the consumers' continuing resistance to high prices.

Of the current 271 models, GM has 131, Ford Motor Co. has 79, Chrysler Corp. has 38, American Motors has 16 and Volkswagen has 7 (the VW figure includes only U. S.-built cars).

Final totals for '82 were: GM, 137; Ford Motor, 93; Chrysler Corp., 48; AMC, 23, and VW, 6.

So at this point in the '83 campaign, GM is down 6 models; Ford is down 14; Chrysler is down 10; AMC is down 7, and VW is up one.

American Motors made deep cuts in its AMC lineup, knocking out two Spirits, five Eagles and six Concords. Production of some of those models ended last spring. The overall American Motors total is down by only seven models because it now builds the Renault Alliance, a six-model line.

Chrysler Corp. reduced its total by tightening up its offerings in the LeBaron/Dodge 400, Aries/Reliant, Omni/Horizon and Charger/Turismo lines. Thirteen models were axed, and three were added -- four-door sedans in the new Chrysler E-Class and Dodge 600 series.

Ford Motor's changes were extensive — 18 models added and 32 dropped for a net dip of 14.

There are more Ford EXP and Mercury LN7 selections (trim packages have become separate models), but fewer Escort and Lynx choices. Also, the new Ford LTD and Mercury Marquis models are not as numerous as the Granada and Cougar units they replaced.

At GM, Buick added a number of T-Types and there are new station wagons for the Buick Skyhawk and Oldsmobile Firenza J-cars. But reductions elsewhere — chiefly by Chevrolet — cut GM's model count by six.

The Automotive News new-model analysis includes all models the domestic manufacturers are pricing and/or merchandising individually. It does not include engine options. For example, an Oldsmobile Delta 88 four-door sedan is one model even though it is available with a V-6 gas, a V-8 gas or a V-8 diesel engine.

The 271 models currently on the books consist of 104 four-door sedans, 126 two-doors, 36 four-door wagons and five convertibles. (The two-door total includes hatchbacks, which some

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GM cleanup incentive: 10.9 pct. loans on '82s

General Motors kicks off a new far-reaching, 10.9 percent consumer finance program today (Nov. 1). It undercuts those of several competitors.

The new consumer finance program is offered only through GMAC. It runs from Nov. 1 to Dec. 31 and covers all new '82 cars, light-duty trucks and vans (except for LUV pickups, covered separately by $600-$800 rebates and dealer incentives and extended protection plan for diesels).

The GMAC program is available only on retail deals. Fleet and lease sales are excluded.

General Motors had estimated gross stocks of 800,000 cars on Oct. 10, of which nearly 500,000 were '82s. It also had more than 200,000 '82/'83 trucks in gross inventories.

The finance program is available for terms up to 48 months, and offers customers' savings on average of $1,300 up to $2,125, depending on the car and deal.

The program is available through participating dealers, who contribute about 70 percent of their finance reserve. Those amounts are determined by an average based on their GMAC business in September.

The low-interest program is offered in all states except Arkansas, which has a 10 percent rate ceiling.

It will be heavily supported with GMAC network and spot radio, major news weekly magazines, heavy newspaper (including Sunday supplement) and some mention in existing GMAC TV spots.

Individual car divisions will similarly lend strong advertising/merchandising support for the program.

Difficult wage issues delayed until January

Chrysler workers vote down strike

By Marjorie Sorge
Labor Editor

Chrysler Corp. and the UAW will spend the post-Christmas season together trying to negotiate a new contract which will satisfy the company's 43,000 union-represented workers.

Last week, those workers voted to return to the bargaining table after the first of the year, hoping the company's economic picture will be better. The other option was to strike Chrysler at 10 a.m. today (Nov. 1). That proposal was defeated by a vote of 70 percent to 30 percent, or 27,535 to 11,873 votes.

UAW President Douglas A. Fraser said the workers' decision was the "correct" one and that a better agreement could be negotiated in January than the one that was obtained in September. That contract was rejected by a 7-3 vote a few weeks ago.

Thomas W. Miner, Chrysler vice president - industrial relations, said he is "very happy the strike was averted" because "it could have been ruinous for Chrysler."

He said he doubts the company will have any more money available to sweeten the contract in January.

At recent press conferences, Miner said immediate wage increases could be available if savings are made in other areas, such as health-care costs. At the beginning of the last round of bargaining in July, the UAW was asked to consider co-pays and deductibles. That plan was rejected.

Miner said cuts in health care remain a possible source of up-front cash.

"We are willing to consider anything, but we will not lose sight of what our labor costs are going to be at the end of the contract," he said.

• Fraser said the union plans to demand both immediate wage increases and the restoration of cost-of-living adjustments (COLA). The rejected contract provided three lump-sum COLA payments totaling 50 cents (if inflation were 6 percent) during the year-long economic agreement.

COLA will be a major factor in any new agreement and, according to Fraser, the union will not settle in January without COLA payments retroactive to Sept. 14, when the old agreement expired.

"I think the Chrysler workers are entitled to a greater measure of equity, entitled to come closer to parity with Ford and General Motors than they are now," Fraser said.

Chrysler workers currently make about $2.00 an hour, or $100 a week, less than their counterparts at Ford Motor Co. and GM.

The rejected contract gave COLA and tied wage increases to Chrysler's profitability. Fraser indicated new negotiations will begin from scratch.

The old pact was two-fold—a one-year economic agreement and a two-year contract for non-economic issues.

Miner said he thinks the one-year agreement is "out the window" and believes the UAW will ask for a Sept. 14, 1984, expiration date to correspond with contract expiration dates at Ford and GM.

Even without a new agreement, workers will be eligible for profit-sharing, negotiated in 1981. Chrysler is expected to generate enough money in 1982 to begin making profit-sharing payments.

Insiders said the company could pay out about $10 million to the workers in 1982 and more than that in 1983 if the economy cooperates. By 1985, they said the figure could be $50 million or $60 million.

Under the formula, payout from the profit-sharing plan will be calculated by taking profits before taxes, subtracting 10 percent of the company's net worth and dividing 15 percent of the remainder among the workers. The distribution will be made in Chrysler stock or in credits toward either a Canadian-made or U. S.-made Chrysler product.

Payments from the profit-sharing program must be made within 120 days after the company's year-end financial statement is released, usually in February.

According to David Healy, auto analyst for Drexel Burnham Lambert, Chrysler could make more than $300 million in 1982. It has already made $266 million for the first three quarters. Healy forecasted a $58-million profit in the fourth quarter.

Healy pointed out that $239 million of the 1982 profit came from the sale of Chrysler's defense operations. He said the one-time deal will leave about $83 million profit as an accurate indication of how Chrysler is really doing.

High Sierra

A new Ford Sierra is lowered into London's Victoria and Albert Museum, where it is the center of a Boilerhouse Project entitled The Car Program. The exhibit traces development of the Sierra from the first sketches to the finished production car.

U. S. DeLorean firms asking for Chapter 11

By Edward Lapham
Financial Editor

DETROIT. — The fate of the DeLorean sports-car venture hung in the balance last week after DeLorean Motor Co. and Composite Technology Corp., a DeLorean-owned firm, filed petitions seeking protection from creditors under Chapter 11 of the Federal Bankruptcy Code.

In addition to the developments here, several prospective buyers of the enterprise's Belfast assembly plant contacted the London-based receivers of DeLorean Motor Cars, Ltd. (1982), with proposals to keep the plant open and producing cars on a limited basis.

Among the potential investors who contacted the receivers was Consolidated International, Inc., the Columbus (O.) salvage company which loaned DMC nearly $20 million earlier in the year through a technical bulk sale of 1,100 DeLorean cars. That loan allowed DMC to pay $18 million to Bank of America, which had originally financed the inventory.

In the Detroit federal bankruptcy matter, DMC was granted status as debtor-in-possession.

Listed among the top 15 potential unsecured creditors of DMC were Renault, which supplied drivetrain components; the Northern Ireland Department of Commerce; Oppenheimer & Co., which put together one of the financing deals in 1978; Averett, Free & Fischer, Inc., the company's ad agency; Arthur Andersen & Co., DMC's auditor, and a couple of law firms.

One of the law firms, listed as the third largest unsecured creditor, is Kimmerly, Gans and Shaler. The firm is headed by Thomas Kimmerly, a long-time business associate of John Z. DeLorean. He is an officer and director of DMC and has been an officer of many of DeLorean's various corporations since the mid-1970s.

DMC insiders said Kimmerly, with DeLorean and his business associate Roy Nesseth, have been the effective ruling triumvirate of the company for nearly a year.

A former DMC officer, Robert M. Dewey, also is listed. Dewey, who resigned as chief financial

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Ford 3rd-quarter loss put at $325 million

By Edward Lapham
Financial Editor

DETROIT. — Ford Motor Co. reported a net loss of $325.4 million ($2.70 a share) for the third quarter ended Sept. 30, a slight improvement over the net loss of $334.5 million ($2.78 a share) lost in the same period last year.

Sales in the period totaled $8.05 billion compared with $8.66 billion last year.

The company said new-model launch costs, a depressed economy and reduced sales contributed to the loss but added that Ford has made "continued progress in achieving operating efficiencies."

Ford said U. S. operations in the third quarter incurred an after-tax loss of $321 million ($2.67 a share), a $60 million year-to-year improvement, while Canadian operations showed a $61 million after-tax loss, a $16 million turnaround.

Overseas operations, without the benefit of a $154 million UK tax credit this year, showed a net profit of $57 million in the 1982 period compared with $123 million in 1981.

The third-quarter deficit brought Ford's nine-month net loss to $422 million ($3.50 a share) on sales of $27.9 billion compared with a net loss of $713.8 million ($5.93 a share) on sales of $29.2 billion in the year-ago January-September period.

Despite the improved operating efficiencies and improved pre-tax results, Ford's financial position continued to erode in the third quarter.

At Sept. 30, the company's balance sheet showed negative net working capital of $1.35 billion compared with negative net working capital of $269.4 million at June 30 and net working capital of $127.6 million one year ago.

During the third quarter, Ford's cash and marketable securities reserve was nearly halved to $1.4 billion from $2.6 billion at June 30. Also in the July-September period, Ford increased its short-term debt by $122.9 million to $2.42 billion and reduced its long-term debt by $68.5 million to $2.34 billion.

At Sept. 30, total stockholders' equity was 27.9 percent of total liability - plus - equity compared with 28.3 percent at June 30 and 32.6 percent one year earlier.

Total Ford worldwide vehicle factory sales in the period declined 7.9 percent to 926,561 from 1,005,980 last year. The year-to-date total was off 3.5 percent to 3,259,586 from 3,376,-739.

Total U. S. and Canada car and truck factory sales in the third quarter dropped 12.7 percent to 474,851 from 543,923 last year and were off 8.5 percent for the nine-month period to 1,715,-888 from 1,874,723.

One bright spot was factory sales of U. S.-built trucks, which were up 10.4 percent in the quarter to 189,684 from 171,831. The nine-month total was up 12.3 percent to 633,097 from 563,-987.

Ford listed depreciation at $295.5 million in the quarter compared with $273.2 million last year. For the first nine months of the year, the depreciation total was $872 million compared with $827.2 million.

Amortization of special tools was listed at $219 million compared with $213.5 million for the quarter and $715.4 million compared with $748.8 million for the first nine months.

But daily selling rate slows a bit

U. S.-car sales up 12 pct. for period

By Jenny L. King
Staff Writer

Sales of domestic new cars averaged 18,609 per selling day in mid-October, off a scant 0.40 percent from the 18,684 rate for the period a year ago. The total for the 10 days was up, however, with nine selling days this year compared with eight days in '81.

Oct. 11-20 domestic sales numbered 167,485, up 12.05 percent from 149,472. Year-to-date sales were 4,562,406 through Oct. 20, down 12.64 percent from 5,222,-715 in 1981.

Comparing total to total, four of the five major U. S. auto makers were up for the mid-month period; on a daily-rate basis, three stayed ahead of their '81 levels. General Motors reported sales of 98,141 units, up 8.77 percent from 90,232 (off 3.32 percent daily rate). Ford Motor Co. was up 15.79 percent, to 40,922 from 35,232 (up 2.92 percent daily rate).

Chrysler Corp. sales ballooned 34.44 percent, to 22,003 from 16,-366 (up 19.50 percent daily rate). Volkswagen of America reported sales of 2,319 U. S.-built Rabbit sedans, down 42.47 percent from 4,031 (down 48.78 percent daily rate), and estimated sales of American Motors passenger cars were 4,100, up 17.14 percent from 3,500 (up 4.11 percent daily rate).

DOMESTIC SALES

	Oct. 11-20 1982	Oct. 11-20, 1981
AMERICAN MOTORS	4,100†	3,500†
Chrysler	5,819	1,102
Imperial	52	57
Plymouth	7,432	8,289
Dodge	8,700	6,918
CHRYSLER CORP.	22,003	16,366
Ford	28,844	25,288
Mercury	8,987	7,995
Lincoln	3,091	2,060
FORD MOTOR CO.	40,922	35,343
Buick	17,396	17,315
Cadillac	8,740	7,293
Chevrolet	33,351	31,428
Oldsmobile	26,203	21,350
Pontiac	12,451	12,846
GENERAL MOTORS	98,141	90,232
VOLKSWAGEN	2,319	4,031
INDUSTRY TOTAL	167,485	149,472

† Estimate; includes Renault Alliance

GM sales accounted for 58.60 percent of the domestic market in mid-October, down from 60.37 percent a year earlier. Ford earned 24.43 percent, up from 23.64 percent. Chrysler climbed to 13.14 percent from 10.95 percent. AMC had 2.45 percent compared with 2.34 percent, and VWoA dropped to 1.38 percent from 2.70 percent.

On a year-to-year basis, 10 of the 14 domestic makes were ahead for the period. Chrysler multiplied its '81 sales by more than five, shooting to 5,819 from 1,102. Dodge was up 25.76 percent, Ford was up 14.06 percent, Mercury was up 12.41 percent and Lincoln was up 50.05 percent.

Among the GM makes, Oldsmobile was up 22.73 percent, Cadillac was up 19.84 percent, Chevrolet was up 6.12 percent, Buick was up 0.47 percent and Pontiac was off 3.07 percent.

Plymouth dropped 10.34 percent, Imperial was down 8.77 percent, VWoA was down 42.47 percent and AMC was up an estimated 17.14 percent.

Imports dominate talk at UK show —until the DeLorean bombshell

By Richard Feast
European Editor

BIRMINGHAM, England. — The single topic of conversation on the first press preview day of the International Auto Show here was imports.

Generals of industry queued up to say their piece. Imports were too high, the Japanese should reduce their shipments rather than hold them at current levels; how Ford is going to source more vehicles from its UK factories, and the lobbying over whether British trade unionists will allow General Motors to import its new S-car from Spain.

That was on Tuesday. There was not a thought for the fate of the DeLorean sports car plant in Belfast, despite the fact that at that very moment the Northern Ireland Office was lowering the final curtain.

It was so widely expected that it was simply a matter of putting the record straight.

But on the second day there was no other topic of conversation than John Z. DeLorean.

Industry executives sat wide-eyed and open-mouthed in disbelief in front of their cornflakes as the radio brought in the shocking news of DeLorean's arrest in Los Angeles.

• There has always been considerable skepticism for the whole DeLorean affair in Europe, but the drug allegations simply floored everyone.

Discussions about imports, about price cuts, about market trends, about new models came to an abrupt halt. The focus of interest was the guy in the West Coast slammer.

The episode stole the spotlight from all those carefully planned new product announcements, which were headed by the world debut of Nissan's Micra supermini. It was the one true surprise of the show itself, as the car had not been unveiled even in Japan at the time.

The vehicle which attracted customers to the show was Ford's new Sierra. It had been shown in Paris already, but as a replacement for the car which has been the UK best seller for the past decade — the Cortina — it was constantly surrounded by crowds.

Just across the aisle was the equally new Audi 100 which will go on sale in a few weeks in the UK. It, too, had starred in Paris, but was being shown here at the National Exhibition Center for the first time in the UK.

Paris' other two newcomers were absent. Citroen's BX will not be available in right-hand drive for at least a year, and the Opel Corsa's UK launch is sched-

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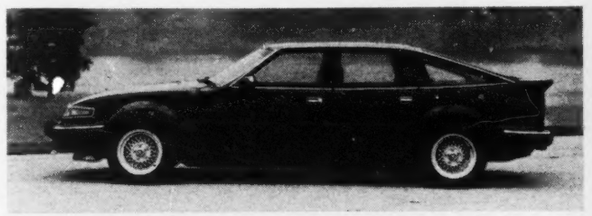
High-powered Metro

The new MG Metro Turbo has bowed in Europe with a Garrett T3 blower that hypes the 1.3-liter engine to 93 HP. It was first seen at the Birmingham Auto Show.



Rover Vitesse bows

Austin Rover is aiming its new Rover Vitesse directly at the BMW 5-series. Lucas fuel injection is used to power the Rover 3500 to 135 MPH. The Vitesse also debuted at Birmingham.

A new Pony from Hyundai

The latest generation of Korea's Hyundai Pony made its debut at the British auto show at Birmingham. It features new front and rear treatment and a fully revised interior. There is a five-door hatchback in addition to the three-door and four-door sedans. An all-new Hyundai featuring front-drive is expected in the mid-'80s.

Tickford makes a faster Ford

Aston Martin Tickford exhibited this high performance version of the Ford Capri at the British auto show in Birmingham. Tickford says the car is not just a styling exercise and it hopes to offer examples for sale at $24,000 in a few months. In addition to the obvious body changes, the Capri has a 205-HP turbocharged V-6 engine and is capable of more than 140 MPH. It accelerates from zero to 60 in about six seconds.

Compared with $468.2 million loss a year ago

GM logs $129.4 3rd-quarter profit

By Edward Lapham
Financial Editor

DETROIT. — General Motors reported third quarter net income of $129.4 million (41 cents a share) on sales of $14.28 billion. In the same period last year GM reported a net loss of $468.2 million ($1.59 a share) on sales of $13.41 billion.

The year-to-year turnaround was due to improved factory sales plus "continuing success in controlling costs and improving operating efficiencies," GM said.

GM's operating loss in the period was $53.6 million compared with a loss of $959.5 million last year. This year, a tax credit of $151.5 million, plus non-operational income of $175.5 million and non-consolidated earnings from finance and insurance units of $214.7 million offset the operating loss and interest expense of $358.7 million.

The third-quarter results brought GM's nine-month net income to $817.7 million ($2.64 a share) compared with January-September net income of $236.7 million (76 cents a share) last year. Net sales for the first nine months of 1982 were $46.15 million compared with $47.15 million last year.

Depreciation and amortization in the three months ended Sept. 30 was $1.02 billion compared with $943.1 million last year. For the first nine months of the year, the total was $3.55 billion compared with $3.37 billion in 1981.

GM's current ratio (current assets to current liabilities) was 1.1 to 1 at Sept. 30, the same as it was at June 30 but a slight improvement over the 1.0 to 1 ratio at Sept. 30, 1981. It was still only about half of what is generally considered good for a manufacturing company.

• GM said working capital at Sept. 30 totaled $1.53 billion compared with $1.33 billion at June 30, $1.16 billion at Dec. 31, 1981, $431 million one year ago and $4.04 billion at Sept. 30, 1980.

However, a footnote in the GM financial statements lumped into long-term debt $1.589 billion "of short-term obligations which are to be served or refinanced under long-term credit agreements."

That means that technically the $1.589 billion could be considered a short-term liability at Sept. 30 and technically, then GM would have had negative net working capital of $59.1 million, although it did make provisions to roll-over the liability.

Long-term debt, at Sept. 30, including the $1.589 billion, totaled $4.637 billion compared

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GM is willing to help UAW 'sell' contracts

By Marjorie Sorge
Labor Editor

General Motors is willing to help the UAW sell future union-company contracts to the membership, according to Alfred S. Warren, GM industrial relations vice president.

Warren said he wants to be able to meet with the union's 300-member GM Council to explain the company's position on new contracts and any other new company proposals that develop during the course of business.

"The next time we sign a contract, why shouldn't I be the one to go and tell them what we signed?" he said. Why should Owen (Bieber, UAW vice president and director of the GM Department) stand up there and take all the gaff? Why shouldn't Al Warren be there too?"

In an interview with Automotive News, Warren said he believes he will have access to the GM Council before the 1984 round of bargaining and that he "can see the day when the GM chairman will go before the council "to explain the company's stand."

Although Warren and Bieber talk daily and meet an average of twice a week, Warren said GM is "still not close enough to the union hierarchy." He said relationships must be built at every level with all company officials knowing all union officials personally.

To accomplish this, Warren is advocating off-site meetings between the GM and UAW labor staffs. He said the two sides need to "sit down and talk about how we are going to do this thing (continue in the cooperative era, doing away with the adversarial role). There is still some old philosophy in my organization and we need to get it out of there."

The UAW, too, has admitted that some of its people are balking at the new cooperative ethic.

• But as the two sides move closer together, there will be changes in the workplace. According to Warren, in the future the workers will determine overtime schedules, who will be laid off, when vacations are taken, how the workplace looks, and how the jobs are laid out. They will also participate more in problem-solving and problem-solving training, and time clocks will be eliminated, he said.

Another big issue in future contracts will be education funds to train workers to handle the new jobs developed by new technology. Warren said GM will continue to support the education of its current employes to do the new jobs and the training of its laid-off workers

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58th year — No. 4939

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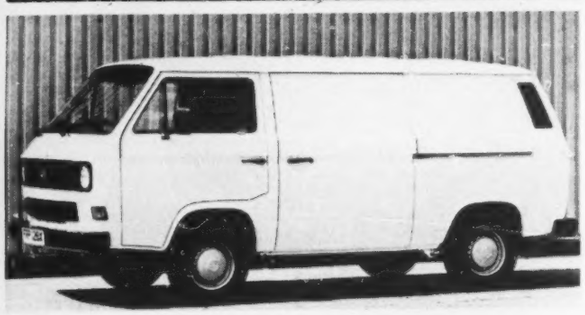

End of era

Volkswagen's Transporter van (above) bows at the Paris auto show with a 1.9-liter four-cylinder water-cooled gasoline engine. It marks the end of an era for the air-cooled unit which first appeared over 40 years ago. The new engine (with 60 and 78-HP versions) is more powerful, economical and quieter. The engine remains in the rear, but the van has a front-mounted aluminum radiator.

Slowdown at VW

Volkswagen's European factories will close an extra three weeks this fall following a two-week shutdown in September/October. High stocks and a slowdown in orders are the reasons.

Volvo diversifies

Sweden's Volvo group continues its diversification by acquiring a quarter share in the Atlas Copco machinery group for an estimated $110 million.

Daihatsu branches out

Japan's Daihatsu begins local assembly in South Africa and Greece. In South Africa its Charade will be put together by Alfa Romeo at facilities near Pretoria, and be sold through the Alfa Romeo network. In Greece, now a member of the Common Market, Charade assembly is underway in Athens.

Ford moves into diesels

Ford reveals details of the forthcoming diesel version of its Kent gasoline engine at a press conference in London. The 1.6-liter, 54-HP engine will power front-drive Fords starting in 1984.

German output up

Passenger car production in West Germany rose 14 percent to 2,557,600 in the first eight months of this year. Commercial vehicle output declined by 6 percent to 199,100. Domestic demand remains poor and exports are declining.

Renault in red

Renault Industrial Vehicles believes this year's losses may be higher than in 1981 (around $45 million).

Renault 9 ahead of target

Daily production of the Renault 9 worldwide is running at 2,600 compared with the original target of 2,500. Renault claims 3.5 percent of the total European market with exceptional successes in France and Spain.

Czech on sales

New car sales in Czechoslovakia in first-half 1982 were 42,180, down 35 percent from a year earlier. Czech exports (mainly Skodas) topped 52,000, three-fifths of them going to other Comecon countries. Western European exports were led by the UK (5,100), Denmark (4,000) and France (2,000).

Porsche presses on

Porsches are being produced at 100 percent capacity at Neckarsulm and "110 percent" capacity at Zuffenhausen, say company sources. Annual output (August-July by Porsche's account) will approximate 38,500. U. S. demand is strong and the company sees a pickup in its important domestic market.

Jeeps leap in France

Renault, distributing Jeep CJ7s in France since June, reports orders of more than 1,000 by mid-September. It aims for sales of 2,000 a year in a market handling around 6,000 total units.

GM gains ground in European sales

By Richard Feast
European Editor

General Motors has made by far the largest gain in Western European pasenger car sales this year, according to unofficial statistics obtained by AUTOMOTIVE NEWS from industry sources.

At the same time, the biggest losers in the first half of 1982 were the Japanese, although the two are not necessarily related instances.

Despite widespread national differences in sales patterns, half-year sales were almost 5.44 million, up 0.3 percent over the same period a year earlier.

The major drop in the single largest market, West Germany, was countered by an unexpected improvement in France, the second largest market.

Of the other two major markets, Italy rose slightly while the UK showed a small decrease.

Between them, the four countries accounted for three out of four new car sales in Europe.

The improvement in Europe and continued slump in the U. S. makes Europe the highest-volume geographical sector for new car sales in the world.

With so many strong domestic competitors—plus the Japanese—Europe also is the most ruthless market in existence. The absence of serious American competition and the tight leash on which the Japanese are kept in many markets result in stronger rivalry between the resident producers.

Biggest national improvement was in Finland where sales were up more than 15 percent to 65,000. Indeed, all Scandinavian markets showed substantial gains with total sales topping 281,000.

The Spanish market, the fifth largest, picked up slightly after several years of depressed demand. Belgium also was up, but Holland slipped.

The most significant sales drop was in the Republic of Ireland where sales plunged by more than a quarter to fewer than 48,000.

But in sheer numbers, Germany's fall of more than 6 percent to just under 1.25 million was more vital to the overall picture. Its southern neighbors, Switzerland and Austria, were down also.

The economic and political uncertainty in Germany, long regarded as the powerhouse of Europe, affected consumer confidence. Despite a new West German government, many industry executives believe 1982 sales there will be the lowest in many years, perhaps plunging to two million.

The domestic industry has regained some of the ground lost to importers, notably the Japanese, but while it has been exporting strongly in the absence of home demand, the manufacturers' association has identified a reduction in incoming orders.

France's sales were healthy in the first half, although there was a slackening in latter months. More disturbing to the French industry, imports continue to achieve record penetration.

The half-year national statistics give a good indication of company trends.

General Motors' Adam Opel, for instance, improved nearly 18 percent in European-wide sales (which include Vauxhall in the UK), impressive by any standards. The basis of Opel's success is the Ascona/Cavalier version of GM's J-car, launched just over a year ago. The addition of diesel-powered Kadetts, and similar power for Ascona, is another factor.

Opel's small Corsa, recently launched, will improve GM's 9.7 percent market share considerably. Concentrating on the Spanish, French and Italian markets, which favor cars in the Corsa category, Opel talks of a 1983 market share of 11.2 percent.

Others registering sales increases are Fiat and Renault. Fiat's home market demand was good and it made considerable export gains, particularly to Germany and France. Renault was bolstered by the upward trend in France and Spain where it is market leader.

Japanese import sales, down nearly 11 percent, are distorted by numerous national restrictions placed on them. They were unable, for instance, to take advantage of upswings in France (where they are limited to 3 percent), Italy (2,200 units) and Spain (tariffs).

In addition, retaliation by the German manufacturers shaved the Japanese presence there. Numerically Japan's largest European national market is the UK, which registered a small overall drop and has reached a gentlemen's agreement with Japan to limit sales to 11 percent.

There is also a general feeling in Europe that Japan also is responding to trade and political pressures established by countries with industries to protect, and that to some extent Japan is backpedaling on European exports, at least for the time being.

How auto markets changed

	6 Months 1982	Change From 1981
Austria	112,905	− 4.3
Belgium	212,548	+ 1.0
Denmark	49,377	+15.1
Finland	64,926	+15.3
France	1,058,288	+ 8.7
Holland	243,750	− 3.2
Ireland	47,829	−26.8
Italy	980,500	+ 1.0
Norway	58,513	+11.5
Portugal	38,619	+ 9.0
Spain	263,346	+ 5.7
Sweden	108,391	+13.8
Switzerland	168,900	− 1.5
UK	781,881	− 2.0
West Germany	1,247,467	− 6.2
Total	5,437,260	+ 0.3

European winners and losers

	6 Months 1982	Change From 1981
BL	188,630	− 5.2
Fiat	701,828	+ 2.4
Ford	644,845	− 3.6
GM	525,414	+17.7
Peugeot SA	705,788	− 0.5
Renault	773,873	+ 1.3
VAG	680,151	− 2.0
Japanese (all)	469,514	−10.7
Total	5,437,260	+ 0.3

Fortunes fade for Japanese auto exports

Is Japan's export steam roller running out of steam?

Returns from the Japan Automobile Manufacturers Assn. (JAMA) for the first half of this year show an uncharacteristic decline in export shipments.

Japanese vehicle makers have been able to counter this partially with increased domestic sales. But from a country responsible for staggering and seemingly endless growth rates during the 1970s, the latest statistics are surprising.

There is little sympathy from European auto makers. The chairman of one European firm gloats: "Tough. They have made the monster. Now they can live with it."

Total Japanese exports (cars, trucks and buses) in the first half (2,891,701 units) represented a decline of 9.5 percent from the same period a year earlier.

In the decade 1971-'81 Japanese exports more than tripled from 1.78 million to 6.05 million. Energy crisis or not, there wasn't a hiccup along the way.

This year Japan's exports are suffering reverses in all geographical areas except the Middle East and Oceania (essentially Australia and New Zealand).

Middle East shipments shot up more than 60 percent to 362,508, making it the third most important area behind North America and Europe. Saudi Arabia (188,874) moved into second place behind the U. S. (1.09 million). Iraq moved into ninth place with 51,137.

Oceania exports increased more than 20 percent to 228,165. Australia (155,277) became the third most important national market and New Zealand (62,166) moved into eighth place.

Many factors affect the Japanese decline in some markets, apart from the worldwide recession. Most obvious are trade sanctions placed on Japan in its two main trade blocs, North America and Europe.

This has resulted in a switch of exports to less developed nations where the reward for greater effort is often less, since economies of many of these nations often are fragile and conflicts are frequent.

Some of Japan's worst export declines this year are in South America and Africa. Curiously, however, even with continued strife in the Middle East, exports there rose.

Export shipments do not tell the whole story of Japan's automotive health, but they do offer a general guide to the country's exporting priorities.

Registrations of new vehicles in Japan in the first half of 1982 rose 3 percent to 2.613 million units. Annual sales topped five million in each of the past three years, and it looks as though 1982 could beat the record 5.154 million of 1979.

Jaguar to delay turbodiesel debut

COVENTRY, England.—Jaguar Cars has delayed the introduction of its turbodiesel for at least a year.

Originally, the car was scheduled to appear next year, but Chairman John Egan said the collapse of the diesel market in the U. S. and the time taken to certify cars prompt the delay.

There is no positive indication of when a diesel Jaguar will appear, although company sources speak in general terms of 1984.

If this is the case, it would suggest the six-cylinder VM diesel will be first seen in the all-new Jaguar XJ40 sedan scheduled for introduction then.